

Exhibit B

In the United States District Court
For the Northern District of Illinois,
Eastern Division

BESTAR ELECTRONICS INDUSTRY CO., LTD.,

Plaintiff/Counter-Defendant,

v.

07 C 7290

DIGISOUND-WIE, INC.,

Judge Lindberg

Defendant/ Counter-Plaintiff.

**Affidavit of Michael Zeich in Response to
Motion to Dismiss Counterclaim**

I, Michael Zeich, state under penalties of perjury that I have personal knowledge of the following:

1. I have been employed by Digisound-Electronic GmbH since July 1999 and am its Director of Operations. As such, I have personal knowledge of the events and negotiation in connection with the "Contract for Chinese-foreign Equity Joint Ventures" (the "Joint Venture Contract") and the role of Digisound-WIE in Digisound-Electronic GmbH's joint venture with BeStar Electronics.

2. On August 18, 2001, the Joint Venture Contract was executed by the parties to it.

3. On August 27, 2001, to carry out its responsibilities under the Joint Venture Contract, Digisound-Electronic GmbH formed Digisound-WIE as the joint venture's sales arm in the U.S.

4. The Joint Venture Contract expressly incorporates the joint venture's "feasibility study/Business Plan." The documents I know in that connection and which were sent to Bestar Electronics are the "Feasibility Report" and "Strategic Plan" and include a spreadsheet entitled

“Businessplan for Changzou BeStar Acoustic Co., Ltd. 2002-2006. “ Genuine copies of these documents are attached to this affidavit as Attachment 1.

5. Attachment 2 to this affidavit is a genuine copy of the minutes of BeStar Electronics’ February 10, 2001 Board of Directors meeting, which Digisound-Electronic, GmbH attended.

6. Attachment 3 to this affidavit is a genuine copy of the March 21, 2001 email from Wu YiFie (aka David Wu), Managing Director of BeStar Electronics, to Digisound-Electronic GmbH.

7. Pursuant to the above documents, BeStar Electronics contributed \$13,317 USD for Digisound-WIE’s U.S. operations.

8. Wu YiFie also traveled to the U.S. to assist Digisound-WIE’s sales and operations. Digisound-WIE also assisted Wu YiFie in obtaining an L-1 Visa to make it easier for him to travel to the U.S. for Digisound-WIE business.

9. After the joint venture began, approximately 95% of the products Digisound-WIE sold were produced by the joint venture entity, BeStar Acoustic. Between 2002-07, Digisound-WIE purchased from the joint venture approximately 8-10 million parts and has paid BeStar Acoustic (using the name BeStar Electronics) approximately \$2.48 million USD for its purchases.

10. All of the goods for which BeStar Electronics is suing Digisound-WIE in this case were actually made and sold to Digisound-WIE by BeStar Acoustic pursuant to the Joint Venture Contract. Although the minutes of BeStar Electronics’ February 10, 2001 Board of Directors meeting state that BeStar Electronics would cease business operations and contribute all of its assets to BeStar Acoustic, Wu YiFie stated in April 2002 that because of the number of catalogs

that had the BeStar Electronics name, BeStar Acoustic would use that name. Therefore, all of the invoices to Digisound-WIE and payments from Digisound-WIE were actually from and to BeStar Acoustic using the BeStar Electronics name. Accordingly, Digisound-WIE denied in its Answer that the "Goods" alleged in the Complaint were sold to it by Bestar Electronics Industry Co., Ltd.

11. On December 17, 2007, Digisound-Electronic GmbH received an email from Wu Yifeng stating that he was cancelling the Joint Venture Contract because, among other things, of Digisound-WIE's alleged failure to pay BeStar Acoustic's invoices and for filing the lawsuit against BeStar Technologies, which he referred to as his company in the U.S. A genuine copy of the email is contained in Attachment 4. His statement admits or implies that (a) Digisound-WIE's purchases and payments were not pursuant to a vendor/vendee relationship, but pursuant to the performance of the Joint Venture Contract and (b) before forming BeStar Technologies in May 2007 to displace it, Digisound-WIE was the joint venture's sales arm.


Michael Zeich

Attachment 1

Feasibility Report

The business plan for the Changzhou Bestar Electronics Industry Co., Ltd. Joint Venture is based on the strategic plan which has been worked out for the preparation of the Joint Venture negotiations.

The parameters which have been used for defining turnover and basic balance sheet results for the years 2002 until 2006 are described in the following.

The sales territories in question are covered by group companies. Digisound is responsible for the European market. South Asia is covered by Weiler International Electronics Pvt. Ltd. The Chinese market is handled by Changzhou Bestar Electronics Industry Co., Ltd.. As part of the strategic plan it has been decided that a sales office will be opened in the United States. The financial resources will come from Digisound, WIE and Bestar Electronics Industry Co., Ltd..

One of the key markets Bestar Electronics Industry Co., Ltd. and Digisound will concentrate on will be the automotive industry. The business plan clearly shows that for this market segment in the United States as well as in Europe strong growth rates are calculated. Due to a conservative estimation policy the growth rate in the telecom industry is lower. Percentage wise telecommunication will play a larger role in South Asia due to the fact that the automotive industry operates on a very low level in that area.

Gross margins and operating expenses are calculated based on experiences made with other factories in China. The profit expectation is conservative.

Florian Greiling
(August 1st, 2001)

Businessplan for Changzhou BeStar Acoustic Co., Ltd 2002 - 2006

	2002	2003	2004	2005	2006
SALES EXPORT TO DIGISOUND					
- Automotive Customers	1.300.000 USD	2.000.000 USD	2.250.000 USD	2.500.000 USD	2.750.000 USD
- Telecom Customers	650.000 USD	1.000.000 USD	1.125.000 USD	1.250.000 USD	1.375.000 USD
- Equipment Manufacturers	650.000 USD	1.000.000 USD	1.125.000 USD	1.250.000 USD	1.375.000 USD
SALES EXPORT TO INDIAN MARKET					
	100.000 USD	200.000 USD	500.000 USD	700.000 USD	1.000.000 USD
SALES TO DOMESTIC MARKET					
	300.000 USD	800.000 USD	1.650.000 USD	1.950.000 USD	2.250.000 USD
SALES EXPORT TO U.S. MARKET					
- Automotive Customers	700.000 USD	2.100.000 USD	3.045.000 USD	3.745.000 USD	4.375.000 USD
- Telecom Customers	200.000 USD	600.000 USD	870.000 USD	1.070.000 USD	1.250.000 USD
- Equipment Manufacturers	100.000 USD	300.000 USD	435.000 USD	535.000 USD	625.000 USD
TOTAL SALES NET	4.000.000 USD	8.000.000 USD	11.000.000 USD	13.000.000 USD	15.000.000 USD
RAW MATERIAL CONSUMPTION					
	2.880.000 USD	5.760.000 USD	7.920.000 USD	9.360.000 USD	10.800.000 USD
GROSS MARGIN	1.120.000 USD	2.240.000 USD	3.080.000 USD	3.640.000 USD	4.200.000 USD
GROSS MARGIN IN %	28,00%	28,00%	28,00%	28,00%	28,00%
TOTAL OPER. EXPENSES	672.000 USD	1.344.000 USD	1.848.000 USD	2.184.000 USD	2.520.000 USD
TOTAL OPER. EXPENSES %	60,00%	60,00%	60,00%	60,00%	60,00%
P.B.I.D.T.	448.000 USD	896.000 USD	1.232.000 USD	1.456.000 USD	1.680.000 USD
INTEREST	80.000 USD	160.000 USD	220.000 USD	260.000 USD	300.000 USD
CASH PROFIT	368.000 USD	736.000 USD	1.012.000 USD	1.196.000 USD	1.380.000 USD
DEPRECIATION	80.000 USD	160.000 USD	220.000 USD	260.000 USD	300.000 USD
PROFIT	288.000 USD	576.000 USD	792.000 USD	936.000 USD	1.080.000 USD

STRATEGIC PLAN

in 1000 \$

Particulars	2001	2002	2003	2004	2005
Income					
Sales (Net)	900	3.000	8.000	11.000	13.000
Cost of Goods Manufactured					
Direct Material	369	1.230	3.280	4.510	5.330
Direct Labor	180	600	1.600	2.200	2.600
Manuf. Expenses	99	330	880	1.210	1.430
Total Prod. Cost	648	2.160	5.760	7.920	9.360
Gross Margin	252	840	2.240	3.080	3.640
	28,0%	28,0%	28,0%	28,0%	28,0%
Expenditure					
Employee Cost	27	90	240	330	390
Marketing Cost	50	120	140	200	200
Mfg. Admn & Selling	63	210	560	770	910
Total Operating Expenses	140	420	940	1300	1500
	15,6%	14,0%	11,8%	11,8%	11,5%
Non operational Expenses	50	50	70	90	100
PBIDT	62	370	1230	1690	2040
Interest & Bank Charges	18	60	160	220	260
Cash Profit	44	310	1070	1470	1780
	4,9%	10,3%	13,4%	13,4%	13,7%
Depreciation	18	60	160	220	260
PBT	26	250	910	1250	1520
	2,9%	8,3%	11,4%	11,4%	11,7%
Provision for tax	0	82,5	300,3	412,5	501,6
PAT	26	167,5	610	838	1018,4
	2,9%	5,6%	7,6%	7,6%	7,8%
Earning per Share in \$/1\$	0,05	0,34	1,22	1,68	2,04
Return on Investment	5,20%	33,5%	121,9%	167,5%	203,7%

Capitalstructure

	Party A	Party B	Party C	DEG Party D
Nom.. capital	\$255,000 51,0%	\$200,000 40,0%	\$45,000 9,0%	
cash	\$0	\$100,000	\$22,500	
Assets	\$170,000	\$0	\$0	
Techn Know how & engineering	\$30,000	\$0	\$10,000	
Sales know how & orders	\$0	\$70,000	\$10,000	
Pre paid cost	\$20,000	\$15,000	\$2,500	
Good will & name	\$35,000	\$15,000	\$0	
Capital-Increasing				\$1,500,000
Capitaluse				

OVERVIEW ASSETS and CURRENT ASSETS

	Step 1	Step 2	Step 3
Assets	\$170,000	\$280,000	\$1,400,000
Working Capital	\$100,000	\$200,000	\$500,000
Marketing Expenses	\$50,000	\$100,000	\$100,000
Know-how, Goodwill etc	\$207,500	\$207,500	\$207,500
Inventory	\$42,000	\$14,000	\$308,000
Sundry Debtors	\$10,500	\$14,000	\$173,500

BALANCE SHEET in US \$					
	2001	2002	2003	2004	2005
SOURCES OF FUNDS					
1. SHAREHOLDER'S FUNDS :					
Share Capital	\$500,000	\$500,000	\$2,000,000	\$2,000,000	\$2,000,000
Reserve & Surplus	\$44,000	\$267,500	\$770,000	\$1,033,000	\$1,278,000
2. LOAN FUNDS :					
Secured Loans		\$89,000	\$0	\$0	\$0
a. From Banks for Working Capital	\$0	\$0	\$0	\$0	\$0
b. Term Loan	\$0	\$0	\$0	\$0	\$0
Unsecured Loan	\$0	\$0	\$0	\$0	\$0
TOTAL	\$544,000	\$856,500	\$2,770,000	\$3,033,000	\$3,278,000
APPLICATION OF FUNDS					
1. FIXED ASSETS :					
Gross Block	\$167,000	\$409,000	\$1,749,000	\$2,089,000	\$2,369,000
Depreciation	\$18,000	\$60,000	\$160,000	\$220,000	\$260,000
Net Block	\$149,000	\$349,000	\$1,589,000	\$1,869,000	\$2,109,000
2. CURRENT ASSETS & LOANS & ADVANCES :	\$410,000	\$535,500	\$1,287,000	\$1,301,000	\$1,304,000
3. CURRENT LIABILITIES & PROVISIONS :	\$16,000	\$28,000	\$106,000	\$112,000	\$135,000
4. NET CURRENT ASSETS :	\$395,000	\$507,500	\$1,181,000	\$1,189,000	\$1,169,000
TOTAL	\$544,000	\$856,500	\$2,770,000	\$3,033,000	\$3,278,000
CURRENT RATIO -	27.33	19.13	12.14	11.82	9.88
CURRENT ASSETS / CURRENT LIABILITIES					

Production- Space & Personal- Planing

	Step 1	Step 2	Step 3
Need of space in qm			
Production	1.250	2.500	4.000
Stock, Receiving office for goods + Raw Material	100	150	300
Stock for finished products	100	150	300
Changing rooms	40	70	130
Development QS	50	90	150
Laboratories	40	60	120
Engenieering and IT	40	50	100
Administation and Sales	120	200	400
Total	1.740	3.270	5.500
Personnel planing			
Operators	180	400	800
Technicians	20	40	90
Administration	4	10	35
Management	2	5	8
Total	206	455	933

List of Investments in fixed assets

		Step 1 cost in \$ US	Step 2 cost in \$ US	Step 3 cost in \$ US
Micrometer	Shan 0,01 mm	40 1.000,00	80 2.000,00	100 2.500,00
Magnet flux tester		4 400,00	8 800,00	18 1.600,00
Measuremeter ruler		4 200,00	7 350,00	18 900,00
Conveyor- productionline		6 1.800,00	12 3.600,00	30 9.000,00
Production line		2 400,00	5 1.000,00	20 4.000,00
Coil- winding machine		10 5.000,00	20 10.000,00	40 20.000,00
Stampmachine	SP 848	10 2.500,00	20 5.000,00	50 12.500,00
Stampmachine	YYQY 96 B	4 1.000,00	8 2.000,00	15 3.000,00
Glue dispenser	YY- XTJ 96 B	8 1.600,00	15 3.000,00	40 20.000,00
Glue dispenser	YY- TJ 96 A	5 1.000,00	10 2.000,00	20 4.000,00
Welding	125 DP/ 230	10 2.000,00	15 3.000,00	30 6.000,00
Oven	B- 312 ZY	5 1.000,00	10 2.000,00	20 4.000,00
Oven	101- 1 A	2 200,00	4 400,00	10 1.000,00
Oven	101 A- 2	2 200,00	4 400,00	8 800,00
Warm fan		8 200,00	20 500,00	20 500,00
Packag equipment	KZBD	3 500,00	9 1.500,00	18 3.800,00
Magnetic machine		3 1.500,00	5 2.500,00	12 6.000,00

List of Investments in fixed assets

	Step 1	cost in \$ US	Step 2	cost in \$ US	Step 3	cost in \$ US	
Frequency response Test system	CRY 6128 S	10	1,000,00	20	2,000,00	30	3,000,00
Calibrator	CRY 5611	4	500,00	8	1,000,00	20	2,500,00
Signaling sweep	DF 1212 Bl	4	600,00	8	1,200,00	20	3,000,00
Digital I.C.R. tester	DF 2812	4	200,00	8	400,00	20	1,000,00
Oscillating Scope	DF 2812	4	1,000,00	8	2,000,00	20	5,000,00
Acoustic measurement equipm.	Bruel&Kjaer	1	1,500,00	2	3,000,00	5	7,500,00
Computerised acoustic measureme	Kemsonic	1	3,000,00	2	6,000,00	4	12,000,00
Small acoustic measurement equipr	ND 12	10	2,000,00	20	4,000,00	50	10,000,00
Multimeter	DT 890 A	20	2,000,00	40	4,000,00	80	8,000,00
DC power supply	LPS- 2002 A	35	2,000,00	70	4,000,00	105	6,000,00
DC resistance adjuster	ZX 21 A	2	200,00	4	400,00	10	1,000,00
Grindingdispensing machine	JSS 24 B- 1/M	10	2,000,00	20	4,000,00	50	10,000,00
Automatic liquiddispenser	GS 1000	10	3,000,00	20	6,000,00	50	15,000,00
Soldering iron	Quick 938	80	1,600,00	170	3,400,00	300	6,000,00
fixture		50	500,00	100	1,000,00	300	3,000,00
Press machine	Spec jr. 16	2	200,00	4	400,00	8	800,00
Signal generator	DF 1027 A	5	1,200,00	10	2,400,00	30	7,200,00
Caplier	Fandzhen 0,02 m	40	2,000,00	80	4,000,00	120	8,000,00

List of Investments in fixed assets

	Step 1	cost in \$ US	Step 2	cost in \$ US	Step 3	cost in \$ US
Press	2	300,00	5	750,00	10	1.500,00
Power distributor	5	1.400,00	10	2.800,00	20	5.600,00
Press	5	500,00	5	500,00	10	1.000,00
Auto dispenser	20	4.000,00	40	8.000,00	80	16.000,00
Aircondition	1	20.000,00	1	20.000,00	1	30.000,00
Piezo production line	5	10.000,00	10	20.000,00	15	30.000,00
Piezo oven	1	40.000,00	2	80.000,00	2	80.000,00
Workshop	1	30.000,00	1	30.000,00	1	10.000,00
Telephone	1	10.000,00	0	0,00	1	20.000,00
Fax	1	1.000,00	1	1.000,00	2	2.000,00
Officecomputer	2	4.000,00	4	8.000,00	4	8.000,00
Powerstation	0		0	0,00	1	100.000,00
Building	0		0	0,00	1	800.000,00
Total		166.200,00		260.300,00		1.318.700,00

Attachment 2

BESTAR Electronic Industry Co. Ltd.

Minutes

of

Board of Directors Meeting of February 10, 2001

Meeting held at: premises of Bestar

Participants: Mr. Wu Yifei, Chairman of the Board and Manager of Bestar
Mr. Florian Greiling, Managing Director of DIGISOUND-Electronic GmbH,
Mr. Michael Hu, representative for Orient America Trading Company

Mr. Wu explained that he has been authorised by to exercise the right for voting

Mr. Greiling explained that he has been authorised by Mr. Weiler to exercise the right for voting

Topic No. 1:

Present directors reviewed and confirmed the fixed asset invested by Old Bestar (NOTE: *Old Bestar* means the 51% share holder—BESTAR Electronic Industry Co.Ltd.)

Chairman explained the exact date of beginning of the New Bestar and the procedure of the foundation of the new JV. (NOTE: *New BESTAR* means the Joint Venture--BESTAR Electronic Industry Co.Ltd)

The Chairman explained:

- the certificate of approval for establishing the JV has been received on Oct.12
- the investment for share from Digisound was received on Nov.27 according to the bank receipt date, amounted USD 100,000.00
- the investment for share from Orient America was received on Dec.17 according to the bank receipt date, amounted USD 22500.00
- the JV started on Dec.26 as agreed for the convenience of the year financial, the Old Bestar has to transfer corresponding asset to the new JV. Meanwhile the Old Bestar will stop any business activity.
- the Old Bestar has only left some fixed asset, the main is the Buick Car. The car was paid by Bank loan. The loan will be paid by Old Bestar from the incoming of the profit share from the new JV. Monthly expenses for the car will be paid by New Bestar.

- Loss/Profit of last year of Old Bestar belongs to the Old Bestar. Net profit of last year is about USD 50,000.
Profit of the Old Bestar will be taken out by Mr. Wu to pay back the loan of the bank.

Topic 2:

Investment Audit Report

The chairman commented on the turnover of January.

It is the opening turnover of the financial report (attached). There is no sales in the first month, because the refund of the VAT needs the same corresponding name of the invoice and declaration paper. But the official permission from the Government was received too late.

The sales of January is under the name of the Old Bestar. The profit is about REM 65309.33/ (this amount is booked at the name of the Old Bestar) as of above mentioned reasons.

Mr. Wu will work out a suitable way to transfer this profit to the New-Bestar till the end of the March, 2002.

Mr. Greiling and Mr. Hu will have the opening balance sheet of January.

Topic 3

Cash Flow

Cash Flow situation of the New Bestar was discussed.

Cash at hand and at the bank: about RMB 1,200,000.00.

The Board of Directors agreed that according to the forecast of this year, given to the Board of Director, the cash flow might not be enough to finance the forecasted turnover.

It was decided that Mr. Michael Zeich's department will work out cash flow projection for next 18 month. Mr. Wu is requested to give all necessary details to them and Mr. Zeich will work it out with the help of the Mr. Wu's information till the end of Feb.

Topic 4

Pro and contra of setting up piezo production

The Board discussed details for the possibility to run a piezo disc line.

The Chairman explained that he needs about USD 60,000 for setting up a new piezo disc workshop. In view of the unclear cash-flow situation, it was decided to wait for the cash flow projection before final decision will be made.

The chairman also explained that he did not expect large quantities orders from Digisound and from WIE at reasonable prices for the piezo discs. The target buying price from WIE is very low. It is low-cost. There are several manufacturers in the Changzhou area where New Bestar can easily source piezo discs.

Topic 5

JV contribution to USA office

Mr. Wu commented that it is very difficult for Bestar to pay the monthly expenses of the office.

It was agreed that the New Bestar will bear 1/3 of the total cost (USD10,000 monthly) from Jan.2002 to June 2002 .

After June 2002 it will be decided if this office will continue or not depending on performance .

If there is any profit for this office during this six months, Bestar is entitled to get 1/3 of the profit accordingly.

Bestar will get copies of the weekly activity reports from Mr. Dirk De Young, manager of the US office.

Topic 6

Sales of domestic market

Mr. Wu reported that the office for the domestic market has started with two sales people. Mr.Hu will keep transferring all the other customers information to Mr. Wu for his direct communication with the potential customers. CEIEC Kensonic will support Bestar by transferring as much business as possible. Forecast for the domestic market is USD 300,000 without Huan Hsin/Siemens business.

Topic 7

Inquires for new projects

Mr. Wu claims that the realisation quote of inquires is very low. Bestar has been paying a lot of time and money but with low efficiency.

Digisound is requested to improve this performance. Mr. Greiling promised to look after this matter.

Mr. Wu especially pointed out that he was disappointed about 2 projects:

No. 1 FE 6450

No. 2 PQ24

Topic 8

Payment situation from Digisound

This topic was brought forward by Mr. Hu.

According to the actual information from Kensonic, the payment from Digisound to CEIEC is not according to the agreement.

The Board requested Mr. Greiling to push Digisound for regular payment according to agreed conditions.

Attachment 3

file

Fr. Bludszus

Von: bestarco@pub.cz.jsinfo.net
Gesendet: Mittwoch, 21. März 2001 15:40
An: management@digisound.de
Betreff: Re: several

Dear Mr. Rudolf Weiler

how are you ? hope you are fine and business are running well

excuse me for delay in answer your meassage due to the last busy week

for you information I have set a plan and signed a agreement with QS9000 organization in China to carry out the following certification

-> ISO9001-2000

- > QS9000

several top managements include me were on train course last week

with several topics ,please see my answer as below :

1) JV

we can fix the shares as agreed before

- > 51% for Bestar
- > 40% for Digisound.
- > 9% for private Mr.Wang (Michael Hu)

2) US branch

I am ready for this challenge ,please put 1/3 of cost on a account for the new joint venture once JV was established

3) piezo production

will consider further investment and establishe piezo production upon JV was finalized

Mr. Ju was under the chasing and I think should be no problems

please make your decision and instruct next step

I am full of confidence we will have brilliant future for both of the companies

with best regard

wu yifei

----- Original Message -----

From: Christiane Bludszus <management@digisound.de>
To: 'Wu Yi Fei, Bestar' <bestarco@pub.cz.jsinfo.net>
Sent: Tuesday, March 13, 2001 11:48 PM

DIGISOUND-Electronic GmbH

P.O. Box 20 69, D-22810 Norderstedt (Germany), Oststrasse 54, D-22844 Norderstedt

Tel.: +49/40/52 68 69-40, Fax: +49/40/52 68 69-13,

e-mail: management@digisound.de, <http://www.digisound.de>

Managing Directors: Rudolf Weiler, Florian Greiling

Trade Register HRB 1273 Norderstedt

Best regards

Attachment 4

-----Ursprüngliche Nachricht-----
Von: wu@be-star.com [mailto:wu@be-star.com]
Gesendet: Montag, 17. Dezember 2007 13:27
An: weiler@digisound.de
Cc: 'Fr.Bludszus'
Betreff: cancellation of JV

Dear Mr. Weiler,

I am extreme concerning the current situation

Digisound has been continuously deliberately managing NOT or less to pay outstanding accounts to BeStar over the last 4 years

This drove BeStar acoustics JV run into often production shutdown and to make continuous big losses

This has been reminded hundred times but I don't see any real improvement ,

at the same time , you are use the money for taking expensive legal

action

Now Digisound-WIE Inc started a lawsuit against my company in USA and is hurting all our established customers

All this activities you took had violated the BeStar Acoustics JV contract

Following my lawyer's advise

I cancel the J.V. contract of BeStar Acoustic Limited with immediately effect

Please be aware

Thank you

With very best regards

WU YIFEI